

Report

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Report to:	Employee Issues Forum
Date of Meeting:	30 August 2011
Report by:	Chief Executive

Subject:	Four Weekly Pay
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise the Forum of the transfer to a 4 weekly pay cycle of all Council employees

2. Recommendation(s)

2.1. The Forum is asked to approve the following recommendation(s):-

- (1) that the content of the report be noted.

3. Background

- 3.1. During the 2010/11 budget exercise, the necessity for efficiencies required Resources to consider areas where savings could be made through removal of Non Core activities. As part of that exercise, the reduction in the frequency of running payrolls was considered as an area where efficiencies could be gained.
- 3.2. A move to a less frequent pay cycle for all Council employees would generate efficiencies through having to run pays less often and process additional payments on a less frequent basis. By reducing the number of payruns, the number of employees needed to enter data and perform the checks and processes involved in running the payroll, would reduce.
- 3.3. At its meeting on 16 March 2010, the Finance and Information Technology Resources Committee approved a report recommending that work should commence on an implementation plan for introducing 4 weekly pay for employees.

4. Implementation and Impact on Employees

- 4.1. A period of negotiation with all Trades Unions through the JTUC Executive Group commenced from December 2009 and continued for a period of 11 months. Through this period proposals on how to implement 4 weekly pay were discussed, and suggestions from the Trades Unions were incorporated into the proposal. Trades Unions consulted with their employees through mailed correspondence and through local meetings.
- 4.2. Through these discussions with the Trades Unions, it was decided that non teaching employees would move to 4 weekly pay from February 2011.
- 4.3. To avoid complex tax calculations, the optimum time for Teachers to move to the new pay cycle was agreed as the start of a tax year. Supply teachers, however, were traditionally paid two weeks in arrears for the days worked in any given month

and they accrue holidays based on the time they work. Transferring supply teachers to 4 weekly pay from April would result in a period of seven weeks between pays. Also, transferring pay frequency would also affect the calculation of accrued holidays, and potentially would result in a higher than normal tax implication. To avoid these issues, it was agreed that supply teachers would move to a four weekly pay cycle from August 2011 following the school break.

- 4.4. In early December 2010 all employees and Members who were previously paid on a 2 weekly basis were informed that from February 2011 they would be transferred to a 4 weekly pay cycle. This encompassed local government employees including the Leisure and Cultural Trust, Lanarkshire Valuation Joint Board, SEEMIS and the Lanarkshire Community Justice Authority
- 4.5. The aim of the implementation was to make the transition to 4 weekly pay as easy as possible for employees. To help them manage the transition, a full assistance and communication programme was implemented.
- 4.6. The main change for local government employees moving to a 4-weekly pay frequency was that they would need to wait four weeks from their final 2-weekly pay to their first 4- weekly pay. This had the potential to adversely affect how employees managed their personal finances. To mitigate this issue, midway through this initial period, employees were offered an amount of money equivalent to their 2 weekly pay, which was repayable over a period of time. Employees could chose to repay back this interim payment over either 10 or 23 pays. A total of 6,143 non teaching employees took the offer of an interim payment.
- 4.7. Other forms of assistance and communication included:-
 - ◆ a full team brief on move to 4 weekly pay including details on transition payments
 - ◆ an article in The Works magazine advising of the change.
 - ◆ 16 Drop in events facilitated by the Financial Education Team to provide assistance in managing their new pay frequency
 - ◆ telephone and e-mail helpdesk contacts for employees to get in touch with questions regarding the changes
 - ◆ advice for Managers and Personnel teams on how to help employees access advice
 - ◆ a procedure for managing hardship cases
- 4.8. The Council's payroll section manned the telephone and e-mail helpdesk. Over 1,200 queries and questions were logged with issues mainly based around checking that requests for interim payments had been received, asking for replacement letters /forms and queries about ongoing deductions.
- 4.9. Teachers' first 4 weekly pay was made in April 2011. As teachers were paid monthly, the move to 4 weekly pay resulted in teachers receiving their first 4 weekly pay a day later than they would have received their old monthly pay. Their 4 weekly pay is also lower (about 7.7%) than their previous monthly pay as they now receive an extra pay within the tax year. To help manage these issues permanent teachers were offered an advance of pay of £500 per full time teacher repayable over a year.

This advance allowed teachers flexibility to manage the transition if they requested it. Part time teachers were offered a pro rated amount. 793 teachers took the offer of an interim payment.

- 4.10. In the final phase daily supply teachers first 4 weekly pay will be made in September 2011. As supply teachers are only paid for the days they have worked, no advance of pay was offered.

5. Employee Implications

- 5.1. The number of payroll employees required to enter data, run, process and check 4-weekly payrolls is less than previously required. There were 23 full time equivalent posts in payroll and following the move to 4 weekly pay the structure has been reduced by seven posts, including the removal of one vacant post.
- 5.2. The reduction in these posts was co-ordinated through the redeployment procedures, in line with the Collective Agreement and Matching Process. Through an interview process six employees were identified for redeployment, and were initially temporarily placed in vacant Grade 1 posts within Finance Services, with compensation payments made up to their previous salary.
- 5.3. To date three employees have now secured Grade 2 positions within the Council, two employees have now opted to take voluntary severance, and one employee has selected to take early retirement.

6. Financial Implications

- 6.1. Employee savings of £0.150m have been made through the changing of payroll frequency. The move and related reduction in staff will enable a review of the management structure within Corporate Finance leading to ongoing savings.

7. Other Implications

- 7.1. As with many projects, there were risks in undertaking these changes. Some employees may have struggled to manage their finances through the transition to being paid 4-weekly. To mitigate this risk, repayable payments were offered to employees to assist in the transition period. Also, communication on the issues was provided to employees in advance of the changes and advice offered to those requiring it.
- 7.2. There are no issues in relation to sustainability in terms of the information contained in this report.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. An equality impact assessment was carried out and where issues were identified about possible impact, remedial action was identified as noted above. The assessment was that the proposal did not have any adverse impact on any part of the workforce covered by equalities legislation, or on workforce relations, and the results of the assessment were published on the Council website.
- 8.2. Consultation had taken place with Personnel Services and the Trade Unions through the JTUC Executive.

Archibald Strang
Chief Executive

17 August 2011

Link(s) to Council Objectives/Improvement Themes/Values

◆ Value: Accountable, effective and efficient

Previous References

None

List of Background Papers

None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Jackie Taylor, Corporate Finance Manager

Ext: 5637 (Tel: 01698 455637)

E-mail: jackie.taylor@southlanarkshire.gov.uk